IN THE CIRCUIT COURT OF THE STATE OF OREGON

FOR THE COUNTY OF MULTNOMAH

JULIE CHRISTOFFERSON TITCHBOURNE, Plaintiff, vs. CHURCH OF SCIENTOLOGY, MISSION OF OF DAVIS, a nonprofit California corporation doing business in Oregon, Defendant.	No. A77-04-05184 AFFIDAVIT OF GERALD ARMSTRONG

STATE OF CALIFORNIA)
)ss.
County of)

I, GERALD ARMSTRONG, being duly sworn, depose and say:

(1) I was a member of the Sea Organization of the Church of Scientology of California from February, 1971 to December 1981. During such time I held many executive positions with the Church of Scientology and directly observed and met with L. Ron Hubbard and other Scientology executives. From February of 1971 until L. Ron Hubbard's disappearance in March of 1980, Mr. Hubbard totally controlled the Church of Scientology and all Church of Scientology organizations. Mr. Hubbard's control was effectuated through a personal communications unit that received daily telexes and other communications from the various Church of Scientology organizations throughout the world.

Examples of Mr. Hubbard's control of the Church of Scientology and of efforts to conceal such control include

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the following:

a. On or about September 28, 1980, a meeting was held in Los Angeles, California at one of the corporate headquarters of the Church of Scientology of California. Attending the meeting were Charles Parselle, the head of the Guardian's Office worldwide legal department and Laurel Sullivan, a personal representative of L. Ron Hubbard and the person in charge of a special legal mission which was seeking to conceal Hubbard's control of Scientology and to develop strategies to allow Mr. Hubbard to control Scientology without incurring legal responsibility. The meeting was tape recorded and the following conversation took place relating to the corporate structure of the organization and Mr. Hubbard:

Laurel Sullivan: There is no need for them to be the actual Board of Directors.

Charles Parselle: There is no need at all for them to be the Board of Directors in order for them to run the Church, but the authority of the Church has to lie somewhere, and on some basis. And since the Church has always chosen a corporate entity, eventually the authority is going to have vest with the Board of Directors. The only reason it has worked so long without that occuring is <u>because everyone has effectively been bound by the authority of L. Ron Hubbard and have ignored corporate lines.</u>

(b) During my involvement with the Church of Scientology, I was in charge of L. Ron Hubbard's personal communications unit. As part of my job, I relayed mail and

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telexes between Mr. Hubbard and various Scientology organizations throughout the world. I became aware that Mr. Hubbard had absolute control of all large corporate bank accounts and that he, alone, had the authority to order withdrawals of large amounts from these accounts. He controls these accounts through various people who work directly for him. Neither the directors of the Church of Scientology of California nor any other Church of Scientology executives had such authority or control. Because of such control, Mr. Hubbard received millions of dollars through a dummy corporation (R.R.F.) that was specifically set up to funnel money to him which should have been paid to the Church of Scientology of California by foreign customers paying for services at "Flag". "Flag" is a part of the Church of Scientology of California. At a strategy meeting held on September 29, 1980 between several senior executives of the Church, the development of legal methods to shield Mr. Hubbard from liability while funneling money to him was discussed. The exchange was tape recorded with the knowledge of all present. The people attending were:

1. Charles Parselle, Deputy Guardian Legal Worldwide.
2. Allen Wertheimer, an attorney for L. Ron Hubbard working with Laurel Sullivan.
3. Laurel Sullivan.
4. Dick Sullivan, husband of Laurel Sullivan who worked

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with his wife.

The following is a portion of the tape recorded conversation:

Charles Parselle: Right. That's a very helpful exercise. And also I may say this, that is very helpful for LRH to have his own attorneys, i.e. yourselves, because for many years we have been missing this essential service and we have done this exercise of trying to think of a the way it would be on the one side and trying to think of the way it would be on the other side and it really doesn't work very well to do that. It doesn't work to represent both parties at the same time. Especially if you also happen to be Scientologist and involved in that particular way as well. So, I am with relief representing the Church interest and I certainly invite you to represent Ron's interest as much as you can. I say that R R F, which is as far as I am concerned part of the church, made a mistake when it paid over that 2.1 million. R R F had nothing . . . we could say that R R F and the Church of Scientology of California are part of the same church, even though they are corporately different. I mean if anything was a sham corporation, it's R R F.

Allen Wertheimer: As I understand it, R R F receives monies that would otherwise be due the California Church for services rendered by the California Church to people outside of the country who decide to pay the church from outside the country . . .

Allen Wertheimer: So that's basically right?

Charles Parselle: That's right. Foreign Scientologists who wish to pay for Flag services pay R R F and then go to Flag and take the services. R R F

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was originally supposed to hold the money until the service was rendered and then pay it to the Church of Scientology of California. But in fact, it has no really done that and so the Church of Scientology of California has rendered much service to many foreign Scientologists and R R F has got the money. Fortunately for us R R F wasn't incorporated until 1973 and we are now litigating 1972. So, I haven't really tried to sort this one out but, it obviously is the classic case (loud laugh) of inurement, if not fraud. (several laughs).

Laurel Sullivan: Well put.

Unidentified speaker: It's all privileged.

Dick Sullivan: The tape recorder is going here, Charles.

Charles Parselle: However, as you can see, our financial direction is really weighted to this solution and it is an on-going battle which I will eventually win because I am the one who has to litigate the case next year and we obviously have to handle R R F. The way we will probably handle it is by simply saying it is part of the same church, in fact. Now that, of course, goes directly contrary to what you are doing which is to split LRH off from the Church and you talk about the corporate integrity of the different churches. Unfortunately, the churches do not have any corporate integrity. And our efforts to give them corporate integrity have not hitherto been sucessful. Now when you talk around a table like this and there is no internal revenue agent present, (whispered: I hope so), bugged or otherwise, one can work out solutions. But when you are a few weeks away from trial and everything you say is going to be rammed down

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your throat, then you have to start looking at what actually happened...

(c) It is common knowledge among senior executives of the organization and is the policy of the Church of Scientology of California that members of the Boards of Directors of the various Scientology corporations are mere figure heads without authority or control, and that control really vests in Mr. Hubbard. I have personal knowledge that in order to carry out this corporate fraud, organizational executives have engaged in various unethical practices including back dating phony board minutes and forging signatures.

(d) Although Mr. Hubbard's legal representative claim that he has not been paid by Scientology other than a $35,000 annual consultant's fee and the receipt of royalties from the sale of his books, the fact is that he has absolute control of all scientology accounts. In 1980, he authorized the expenditure of unlimited Scientology funds for a project to get him a Nobel Prize. As stated before, Mr. Hubbard also received millions of dollars directly from a foreign corporation called R R F (Religious Research Foundation).

(2) I am very familiar with the background of L. Ron Hubbard and the Church of Scientology. Throughout 1980 and 1981 I was in charge of a project to collect materials about L. Ron Hubbard's life for the purpose of providing such documentation to a biographer. I collected

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and reviewed thousands of pages of documents, many of them in the personal handwriting of L. Ron Hubbard. The documents establish that Mr. Hubbard has continually misrepresented himself, his accomplishments, qualifications, credentials, and physical and mental history.

(3) During my ten years as a member of the Church of Scientology or in Mr. Hubbard's personal office staff, I became aware of a continuous pattern of fraudulent statements and conduct by high Church officials relative to their relationships and the Church's relationship with L. Ron Hubbard. It has been a policy of the Church to conceal the true relationship between the various Church organizations and Mr. Hubbard since at least 1971. This policy was adopted to insulate the higher level organizations and Mr. Hubbard from liability for acts that Mr. Hubbard and such higher level organization authorized and condoned.

In 1977 through 1981 I and members of Mr. Hubbard's personal staff and the Guardian's Office destroyed hundreds of thousands of pages of documents which concerned Mr. Hubbard's control of the "Church of Scientology". In early 1980, a commercial paper shredder was rented and operated day and night for over two weeks to destroy huge amounts of documents which showed Mr. Hubbard's control over the activities of Church of Scientology organizations.

(4) Mr. Hubbard has, on several occasions in the past

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ten years, moved his residence at short notice because of his fear of being indicted on criminal charges or being served with civil process. To insure that he was not served with civil process, Mr. Hubbard's whereabouts are kept secret, guards are posted at his residence, and all guards, his personal staff and Scientologists near him are trained and drilled to obstruct process servers and lie about Mr. Hubbard's whereabouts and their relationship to him.

(5) After 10 years of working with Scientology and Mr. Hubbard I have become aware that Mr. Hubbard, through the Sea Organization and the Guardian's Office has complete control of the assets and activities of all Scientology organizations throughout the world. The Guardian's Office in the United States and the Church of Scientology of California, pursuant to Mr. Hubbard's authority, has absolute control of all scientology missions and other organizations in the United States.

DATED this 11th day of July, 1983.

Gerald Armstrong

Subscribed and sworn to before me this 11th day of July, 1983.

Joalene M. Young
Notary Public for California
My Commission Expires: January 29, 1985

OFFICIAL SEAL
JOALENE M. YOUNG
Notary Public - California
ORANGE COUNTY
My Commission Expires January 29, 1985

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